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PAGE 01 STATE 128174

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TAGS: EGEN, ETRD, OECD, UNCTAD

SUBJECT: AGENDA ITEM 4 OF JUNE 3-4 AD HOC MEETING, PREPARATIONS FOR UNCTAD TDB 15TH SESSION AND UNCTAD IV

REF: (A) OECD PARIS 13673; (B) GENEVA 3903

U.S. DEL. DELIVER TO MICHAEL GOLDMAN PRIOR TO 9 A.M.

1. U.S. DEL SHOULD DRAW OUT VIEWS OF OTHER DELEGATIONS FROM GROUP B COUNTRIES ON WHAT THEY EXPECT 15TH SESSION TDB TO ACCOMPLISH RE PREPARATION FOR UNGA SEVENTH SPECIAL SESSION (7SS) AND AGENDA FOR UNCTAD IV. DEL SHOULD ALSO LIMITED OFFICIAL USE

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PAGE 02 STATE 128174

RAISE MATTER OF RECOMMENDATIONS INVOLVING UNCTAD CONTAINED

IN REPORT OF THE GROUP OF EXPERTS ON THE STRUCTURE OF THE UN SYSTEM AND IMPACT THESE MAY HAVE ON TDB AND ITS RECOMMENDATIONS TO 7SS (U.S. HAS NOT YET HAD TIME TO ANALYZE REPORT AND TAKE A POSITION, BUT WE WOULD BE INTERESTED IN INITIAL REACTIONS OF OTHER GROUP B COUNTRIES). USDEL SHOULD ATTEMPT TO FOSTER CLOSE FUTURE COORDINATION AMONG GROUP B COUNTRIES FOR TDB AS MOST IMPORTANT IN LIGHT OF OECD MINISTERIAL DECLARATION ON RELATIONS WITH LDCS AND HOLDING OF 7SS IMMEDIATELY FOLLOWING TDB.

- 2. WE WOULD NOT BE SURPRISED IF AS HAS BEEN SUGGESTED TDB WERE USED BY LDCS AS PROLOGUE FOR 7SS IN WHICH CASE MANY OF THE MAJOR ISSUES BEING DISCUSSED UNDER AD HOC MEETING AGENDA ITEM 2 AND 3 (SEE SEPTEL) WOULD BE PRESENTED TO TEST THE WATER. ON THE OTHER HAND, TDB NEEDS TO BEGIN TO SORT OUT WHAT WILL BE ON AGENDA OF UNCTAD IV AND WILL HAVE BEFORE IT REPORTS ON COMMODITIES, MANUFACTURES, AND EXPERT GROUP ON A DRAFT CODE FOR TRANSFER OF TECHNOLOGY. DESPITE FACT THAT RESULTS OF 7SS WILL HAVE IMPORTANT IMPACT ON SELECTION OF AGENDA FOR UNCTAD IV. DELEGATES AT TDB LIKELY TO RECOGNIZE NEED TO SORT OUT ISSUES AVAILABLE TO UNCTAD WHICH ARE MATURE FOR DECISION OR ON WHICH A MINISTER-LEVEL MEETING COULD GIVE NEW IMPETUS. DISCUSSION IN OECD OF SUCH ISSUES WOULD BE USEFUL. CHOICES THAT WILL PROBABLY BE PROPOSED BY LDCS FOR UNCTAD IV INCLUDE OVERALL COMMODITY-TRADE APPROACH, TRANSFER OF TECHNOLOGY, COOPERA-TION AMONG LDCS, THE FINANCIAL PACKAGE (INFLATION, DEBT, BALANCE OF PAYMENTS FINANCING, ETC.), AND INSTITUTIONAL CHANGES IN UNCTAD.
- 3. THE UNCTAD SEC-GEN MIGHT WELL ASK THE TDB TO REVIEW THE EXPERT GROUP'S RECOMMENDATIONS RE UNCTAD AND FORWARD ITS CONCLUSIONS TO THE 7SS WHICH WILL BE CONSIDERING THE EXPERT GROUP'S REPORT. A RESUME OF THE PRINCIPAL RECOMMENDATIONS OF THE EXPERTS RE UNCTAD IS GIVEN BELOW FOR THE INFORMATION OF US DEL.
- 4. UN EXPERT GROUP ONLY GAVE UNCTAD ITS SECONDARY ATTENTION, BUT SUGGESTED, AMONG POSSIBILITIES FOR STRUCTURAL CHANGES IN FIELD OF TRADE, EQUIPPING UNCTAD WITH THE ELELIMITED OFFICIAL USE

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PAGE 03 STATE 128174

MENTS NECESSARY FOR ITS GRADUAL TRANSFORMATION INTO A COMPREHENSIVE INTERNATIONAL TRADE ORGANIZATION (ITO), WHICH WOULD INCORPORATE UNCTAD AND GATT INTO A SINGLE ORGANIZATION WITH TWO CHAMBERS, ONE CONCERNED WITH BROAD POLICY AND THE OTHER WITH TRADE NEGOTIATIONS, BUT USING A COMMON SECRETARIAT. A POSSIBLE THIRD CHAMBER WOULD BE AN UMBRELLA COMMODITY ORGANIZATION. THE EXPERT GROUP FELT THAT CONSIDERATION WOULD HAVE TO BE GIVEN TO WHETHER AN

ITO SHOULD DEAL NOT ONLY WITH TRADE ISSUES BUT ALSO WITH OTHER ISSUES SUCH AS RESTRICTIVE BUSINESS PRACTICES, TRANSFER OF TECHNOLOGY, PRIVATE INVESTMENT, AND TRANSNATIONAL CORPORATIONS.

5. PERHAPS THE MAIN RECOMMENDATION OF THE EXPERTS WAS THE CREATION OF A DIRECTOR-GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION WITH A HIGHLY PROFESSIONAL CENTRAL SECRETARIAT INTO WHICH THOSE PARTS OF THE UNCTAD SECRETARIAT NOT DEALING WITH SECTORAL TRADE QUESTIONS WOULD BE INCORPORATED. SOME EXPERTS FROM DEVELOPING

COUNTRIES OPPOSED SUCH INCORPORATION. PARTICULARLY OF UNCTAD EXPERTISE ON DEVELOPMENT FINANCE AND INTERNATIONAL MONETARY ISSUES, UNTIL THE DEVELOPING COUNTRIES WERE SAT-ISFIED THAT THE NEW CENTRAL STRUCTURE WOULD BE ABLE TO DEAL ADEQUATELY WITH SUCH QUESTIONS. THEY BELIEVED THAT AN ITO OR OTHER DEVICE DID PROVIDE AN ADEQUATE INSTITU-TIONAL FRAMEWORK, NEITHER THE UNCTAD SECRETARIAT NOR UNCTAD'S INTERGOVERNMENTAL COMPONENTS SHOULD BE INCORPOR-ATED INTO A CENTRAL SYSTEM. AS A RESULT, THE EXPERTS AS A GROUP RECOMMENDED THAT THE NEGOTIATING GROUPS. WHICH IN ANOTHER SECTION OF THEIR REPORT THEY RECOMMENDED ECOSOC ESTABLISH, SHOULD NOT DEAL WITH SUBJECTS UNDER CONSIDERA-TION IN UNCTAD FOR AT LEAST AN INITIAL TWO-YEAR PERIOD. DURING THIS TRANSITIONAL PERIOD. THE DECISION-MAKING PROCESS OF UNCTAD WOULD BE IMPROVED BY THE APPLICATION OF THE CONSULTATIVE PROCEDURES PROPOSED FOR ECOSOC. THESE PROPOSED PROCEDURES CALL FOR NEGOTIATING GROUPS OF MANAGE-ABLE SIZE, BETWEEN 10 AND 30 COUNTRIES PRINCIPALLY INTER-ESTED IN THE SUBJECT MATTER. TO BE ESTABLISHED TO SEEK AGREEMENT ON SPECIFIC ACTION PROPOSALS. THEY WOULD BE SERVICED BY APPROPRIATE SECRETARIAT BODIES, SUCH AS UNCTAD. LIMITED OFFICIAL USE

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